



# House of Representatives

General Assembly

**File No. 180**

January Session, 2005

Substitute House Bill No. 6805

*House of Representatives, April 5, 2005*

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING THE RENEWAL OF INSURANCE PRODUCER LICENSES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-784 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) (1) [Any] Except as provided in subdivisions (2), (3) and (4) of  
4 this subsection, any license issued [for] to an insurance producer by  
5 the commissioner shall be in force only until the first day of February  
6 in each even-numbered year, but may be renewed by the  
7 commissioner [,] in accordance with this section.

8 (2) Any initial license issued to an insurance producer on or after  
9 January 1, 2006, shall expire two years after the date of the producer's  
10 birthday that preceded the date the license was issued. Such license  
11 may be renewed every two years thereafter in accordance with this  
12 section.

13     (3) Except for a license issued or renewed pursuant to subdivision  
14 (2) of this subsection, or a transitional license issued pursuant to  
15 subdivision (4) of this subsection, any producer license in effect on  
16 January 1, 2007, shall be in force only until the producer's first birthday  
17 after January 1, 2007. Such license may be renewed every two years  
18 thereafter in accordance with this section.

19     (4) From February 1, 2006, until January 1, 2007, the commissioner  
20 may implement a transitional process to renew producer licenses that  
21 were in effect on December 30, 2005, on the basis of a producer's  
22 birthday. The commissioner may use the transitional process to renew  
23 some or all of the producer licenses that would otherwise be renewed  
24 under subdivision (1) of this subsection, provided producers are  
25 selected for participation in the transitional process on a  
26 nondiscriminatory basis. Selection criteria may include use of producer  
27 license numbers or alphabetical selection of producers based on the  
28 producer's last name. Any license renewed during the transitional  
29 period shall expire on the producer's first birthday after the renewal  
30 date and may be renewed every two years thereafter in accordance  
31 with this section.

32     (5) Not later than thirty days before a license issued to a producer  
33 expires, the commissioner shall notify the producer of the expiration  
34 date.

35     (6) The fees for producer licenses and agent appointments shall be  
36 assessed as provided in section 38a-11, as amended by this act.

37     (7) Any license issued to an insurance producer may be renewed in  
38 the commissioner's discretion and without formality other than proper  
39 application, payment of the renewal fee set forth in section 38a-11, as  
40 amended by this act, and satisfactory proof that such applicant at that  
41 time possesses the required qualifications for license and that the  
42 issuance of such license will not be contrary to the licensing provisions  
43 of this title, provided any producer's license issued by the  
44 commissioner, except a temporary producer's license provided for in  
45 section 38a-702j, shall continue in force until cancelled, suspended or

46 revoked and provided the insurance company represented by any  
47 licensee or licensees shall furnish the commissioner, prior to May first,  
48 biennially, the names of its agents whose appointments it wishes to  
49 continue. [The fees for producer licenses and agent appointments shall  
50 be assessed biennially as provided in section 38a-11.]

51 (8) The commissioner may adopt regulations, in accordance with  
52 chapter 54, to establish a schedule for the renewal of licenses under  
53 this section.

54 (b) Prior to May first of even-numbered years insurance companies  
55 represented by any licensees shall furnish the commissioner with the  
56 names of its agents whose appointments they wish to continue.

57 (c) The commissioner may implement a plan of renewal for agent  
58 licenses and appointments that provides for a more efficient process.  
59 Upon implementation of such a process by the commissioner, the  
60 procedures outlined in subsections (a) and (b) of this section shall be  
61 superseded.

62 (d) Any insurance company which cancels or nonrenews an  
63 appointment of any agent or any agency shall notify the Insurance  
64 Department, the agent and the agency, in writing, within thirty days of  
65 any such cancellation or nonrenewal. Any termination of an agent  
66 appointment shall be on a form as prescribed by the commissioner.  
67 Nothing in this subsection shall alter the requirements specified in  
68 section 38a-709.

69 (e) Any insurance producer license may be renewed by the  
70 commissioner, provided such applicant has satisfied the continuing  
71 education requirements [pursuant to] set forth in section 38a-782a.

72 Sec. 2. Subsection (a) of section 38a-11 of the general statutes is  
73 repealed and the following is substituted in lieu thereof (*Effective*  
74 *January 1, 2006*):

75 (a) The commissioner shall demand and receive the following fees:  
76 (1) For the annual fee for each license issued to a domestic insurance

77 company, one hundred dollars; (2) for receiving and filing annual  
78 reports of domestic insurance companies, twenty-five dollars; (3) for  
79 filing all documents prerequisite to the issuance of a license to an  
80 insurance company, one hundred seventy-five dollars, except that the  
81 fee for such filings by any health care center, as defined in section 38a-  
82 175, shall be one thousand one hundred dollars; (4) for filing any  
83 additional paper required by law, fifteen dollars; (5) for each certificate  
84 of valuation, organization, reciprocity or compliance, twenty dollars;  
85 (6) for each certified copy of a license to a company, twenty dollars; (7)  
86 for each certified copy of a report or certificate of condition of a  
87 company to be filed in any other state, twenty dollars; (8) for  
88 amending a certificate of authority, one hundred dollars; (9) for each  
89 license issued to a rating organization, one hundred dollars. In  
90 addition, insurance companies shall pay any fees imposed under  
91 section 12-211; (10) a filing fee of twenty-five dollars for each initial  
92 application for a license made pursuant to section 38a-769; (11) with  
93 respect to insurance agents' appointments: (A) A filing fee of twenty-  
94 five dollars for each request for any agent appointment; (B) a fee of  
95 forty dollars for each appointment issued to an agent of a domestic  
96 insurance company or for each appointment continued; and (C) a fee  
97 of twenty dollars for each appointment issued to an agent of any other  
98 insurance company or for each appointment continued, except that no  
99 fee shall be payable for an appointment issued to an agent of an  
100 insurance company domiciled in a state or foreign country which does  
101 not require any fee for an appointment issued to an agent of a  
102 Connecticut insurance company; (12) with respect to insurance  
103 producers: (A) An examination fee of seven dollars for each  
104 examination taken, except when a testing service is used, the testing  
105 service shall pay a fee of seven dollars to the commissioner for each  
106 examination taken by an applicant; (B) a fee of forty dollars for each  
107 license issued; [and] (C) a fee of forty dollars per year, or any portion  
108 thereof, for each license renewed; and (D) a fee of forty dollars for any  
109 license renewed under the transitional process established in section  
110 38a-784, as amended by this act; (13) with respect to public adjusters:  
111 (A) An examination fee of seven dollars for each examination taken,

112 except when a testing service is used, the testing service shall pay a fee  
113 of seven dollars to the commissioner for each examination taken by an  
114 applicant; and (B) a fee of one hundred twenty-five dollars for each  
115 license issued or renewed; (14) with respect to casualty adjusters: (A)  
116 An examination fee of ten dollars for each examination taken, except  
117 when a testing service is used, the testing service shall pay a fee of ten  
118 dollars to the commissioner for each examination taken by an  
119 applicant; (B) a fee of forty dollars for each license issued or renewed;  
120 and (C) the expense of any examination administered outside the state  
121 shall be the responsibility of the entity making the request and such  
122 entity shall pay to the commissioner one hundred dollars for such  
123 examination and the actual traveling expenses of the examination  
124 administrator to administer such examination; (15) with respect to  
125 motor vehicle physical damage appraisers: (A) An examination fee of  
126 forty dollars for each examination taken, except when a testing service  
127 is used, the testing service shall pay a fee of forty dollars to the  
128 commissioner for each examination taken by an applicant; (B) a fee of  
129 forty dollars for each license issued or renewed; and (C) the expense of  
130 any examination administered outside the state shall be the  
131 responsibility of the entity making the request and such entity shall  
132 pay to the commissioner one hundred dollars for such examination  
133 and the actual traveling expenses of the examination administrator to  
134 administer such examination; (16) with respect to certified insurance  
135 consultants: (A) An examination fee of thirteen dollars for each  
136 examination taken, except when a testing service is used, the testing  
137 service shall pay a fee of thirteen dollars to the commissioner for each  
138 examination taken by an applicant; (B) a fee of two hundred dollars for  
139 each license issued; and (C) a fee of one hundred twenty-five dollars  
140 for each license renewed; (17) with respect to surplus lines brokers: (A)  
141 An examination fee of ten dollars for each examination taken, except  
142 when a testing service is used, the testing service shall pay a fee of ten  
143 dollars to the commissioner for each examination taken by an  
144 applicant; and (B) a fee of five hundred dollars for each license issued  
145 or renewed; (18) with respect to fraternal agents, a fee of forty dollars  
146 for each license issued or renewed; (19) a fee of thirteen dollars for

147 each license certificate requested, whether or not a license has been  
 148 issued; (20) with respect to domestic and foreign benefit societies shall  
 149 pay: (A) For service of process, twenty-five dollars for each person or  
 150 insurer to be served; (B) for filing a certified copy of its charter or  
 151 articles of association, five dollars; (C) for filing the annual report, ten  
 152 dollars; and (D) for filing any additional paper required by law, three  
 153 dollars; (21) with respect to foreign benefit societies: (A) For each  
 154 certificate of organization or compliance, four dollars; (B) for each  
 155 certified copy of permit, two dollars; and (C) for each copy of a report  
 156 or certificate of condition of a society to be filed in any other state, four  
 157 dollars; (22) with respect to reinsurance intermediaries: A fee of five  
 158 hundred dollars for each license issued or renewed; (23) with respect  
 159 to viatical settlement providers: (A) A filing fee of thirteen dollars for  
 160 each initial application for a license made pursuant to section 38a-465a;  
 161 and (B) a fee of twenty dollars for each license issued or renewed; (24)  
 162 with respect to viatical settlement brokers: (A) A filing fee of thirteen  
 163 dollars for each initial application for a license made pursuant to  
 164 section 38a-465a; and (B) a fee of twenty dollars for each license issued  
 165 or renewed; (25) with respect to viatical settlement investment agents:  
 166 (A) A filing fee of thirteen dollars for each initial application for a  
 167 license made pursuant to section 38a-465a; and (B) a fee of twenty  
 168 dollars for each license issued or renewed; (26) with respect to  
 169 preferred provider networks, a fee of two thousand five hundred  
 170 dollars for each license issued or renewed; (27) with respect to rental  
 171 companies, as defined in section 38a-799, a fee of forty dollars for each  
 172 permit issued or renewed; and (28) with respect to each duplicate  
 173 license issued a fee of twenty-five dollars for each license issued.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2005</i>	38a-784
Sec. 2	<i>January 1, 2006</i>	38a-11(a)

**INS**

*Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Insurance Dept.	GF - Revenue Gain	Potential Significant	Potential Significant

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill makes various changes to the license and fee structure for insurance producers. The bill increases license renewal fees to \$40 per year or any portion thereof instead of \$40 every two years, and adds license renewal fee payment to the renewal requirements. The bill also permits the Insurance Commissioner to establish a process to transition producers to the new license renewal schedule with a \$40 transitional license fee. In FY 04, the Department of Insurance collected \$2,747,340 in insurance producer license renewal fees. Therefore, the bill could result in a significant revenue gain.

**OLR Bill Analysis**

sHB 6805

**AN ACT CONCERNING THE RENEWAL OF INSURANCE PRODUCER LICENSES****SUMMARY:**

This bill (1) makes an insurance producer license renewable every two years on the licensee's birthday instead of on February 1 in even-numbered years; (2) permits the insurance commissioner to establish a process to transition producers to the new license renewal schedule and establishes a \$40 transitional license fee; (3) increases license renewal fees to \$40 per year or any portion thereof instead of \$40 every two years; (4) requires the commissioner to notify a producer at least 30 days before his license expires; (5) adds license renewal fee payment to the renewal requirements; (6) authorizes the commissioner to implement a more efficient license renewal process that supercedes the mandated requirements upon implementation; and (7) permits the commissioner to adopt regulations to establish a license renewal schedule.

EFFECTIVE DATE: October 1, 2005, except for the license renewal fee change, which is effective January 1, 2006.

**LICENSE RENEWAL SCHEDULE*****Initial License Issuance and Renewal***

The bill requires that a producer license issued for the first time on or after January 1, 2006 expire two years after the producer's last birthday. It may be renewed every two years thereafter on the producer's birthday.

***Existing License Renewal***

The bill requires that a producer license in effect on January 1, 2007 not issued as an initial or transitional license in 2006 expire on the producer's first birthday after January 1, 2007. It may be renewed every two years thereafter on the producer's birthday.



***Transitional License***

The bill permits the commissioner to implement a transitional birthday-based renewal process for licenses in effect on December 30, 2005. The transition process runs from February 1, 2006 to January 1, 2007 and can be used to renew some or all of the licenses that would have been eligible for renewal on February 1, 2006 under current law, as long as producers are selected indiscriminately. The commissioner can select producers using license numbers or alphabetizing by last name. A license renewed under the transitional process expires on the producer's first birthday after the renewal and may be renewed every two years thereafter on the producer's birthday.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 15      Nay 0